concerning the management of financial affairs, on the subject of which their knowledge is necessarily limited and their outlook is likely to be, to a certain extent, prejudiced. A recent manifesto put forward by the leaders of the new Labour Party includes in its programme the acquisition by the nation of the means of production—in other words, the expropriation of private capitalists. The Labour people very probably think that by this simple method they will be able to save the labourer the cost of providing capital and the interest which is paid for its use; and people who are actuated by this fallacy, which implies that the rate paid to capital is thinly disguised robbery, inevitably have warped views concerning the machinery of finance and the earnings of financiers. These views, expressed in practical legislation, might have the most serious effects not only upon England's financial supremacy but also on the industrial activity which that financial supremacy does so much to maintain and foster.

What, after the war, will be the most important need, from the material point of view, for the inhabitants of this country? However the war may end, and whatever may happen between now and the end of it, there can be only one answer to this question, and that answer is greatly increased production. The war has already diminished our capital resources to the extent of the

whole amount that we have raised by borrowing abroad, that is to say, by pledging the production of *our* existing capital, and by selling to foreign countries the foreign securities in which our capitalists had invested